

MEMORANDUM

July 21, 2011

TO: Planning, Housing and Economic Development Committee

FROM:  Justina J. Ferber, Legislative Analyst

SUBJECT: Restructuring of the Incubator Program

Background: During PHED Committee budget discussions on the Department of Economic Development's (DED) Incubator Program, the Committee asked for more detailed information – participants, costs, graduates, jobs generated, etc. DED subsequently provided an Overview of the MC Incubator Network and a list of past and current tenant companies in the MC Incubator Network.

The Director advised that DED was currently reevaluating the Incubator Program and exploring options to limit debt service obligations and was considering changing the program. The Committee and DED Director agreed to meet late June or July to discuss the restructuring of the Incubator Program.

Attachments: MC Incubator Network Overview ©1

Montgomery County Incubator Network Overview and FY11 Costs

	Shady Grove	Silver Spring	Wheaton	Rockville	Germantown	Total
Year opened	1999	2004	2006	2007	2008	
Facility Size	60,000 sq.ft.	22,000 sq.ft.	12,000 sq.ft.	24,000 sq.ft.	33,000 sq.ft.	151,000 sq.ft.
Present Ownership	MEDCO	County	County leases facility from Westfield	MEDCO	County sub-leases from College	
Ownership Condition	County can assume sole ownership upon retiring debt in 2019	None	10-year lease with 3% annual escalation until 2014	County can assume sole ownership upon retiring the debt in 2032	20-year lease with 3% annual escalation until 2027	
Total Project Capital Cost	\$9.45 million (\$850,000 in County funds)	\$2.5 million (\$900,000 in County funds)	\$300,000 (All County funds)	\$6.6 million (\$900,000 in County funds)	\$6.7 million (\$2.95 million in County funds)	\$25.55 million (\$5.9 million in County funds)
Outstanding Debt	\$2.7 million	None	None	\$4.3 million	None	\$7 million
FY11 Debt Service	Approx. \$391,000	None	None	Approx. \$400,000	None	Approx. \$791,000
FY11 Lease Payment	None	None	Approx. \$270,000	None	Approx. \$585,000	Approx. \$855,000
FY11 County Operating Grant	\$299,710	None	\$225,270	\$400,000	\$442,000	\$1.37 million
Recommended FY12 County Operating Grant	\$450,000	None	\$250,000	\$480,000	\$500,000	\$1.68 million
	Above amounts will be slightly adjusted to reflect the actual energy cost increase of each center during FY12.					
Recommended FY12 County Personnel Costs	\$118,898	One staff covers both centers: \$107,620		SGIC staff covers RIC as well	\$126,488	\$353,006